

## HUB ZONE FACT SHEET

The HUBZone (Historically Underutilized Business Zone) Empowerment Contracting program provides federal contracting opportunities for qualified small businesses located in distressed areas. Fostering the growth of these federal contractors as viable businesses, for the long term, helps to empower communities, create jobs, and attract private investment.

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### PROGRAM HISTORY

The HUBZone Empowerment Contracting program was enacted into law as part of the Small Business Reauthorization Act of 1997. The program falls under the auspices of the US Small Business Administration. The program encourages economic development in historically underutilized business zones - "HUBZones" - through the establishment of preferences.

SBA's HUBZone program is in line with the efforts of both the Administration and Congress to promote economic development and employment growth in distressed areas by providing access to more Federal contracting opportunities.

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### HOW THE HUBZone PROGRAM WORKS

The US Small Business Administration (SBA) regulates and implements the program and

- determines which businesses are eligible to receive HUBZone contracts,
- maintains a listing of qualified HUBZone small businesses that Federal agencies can use to locate vendors,
- adjudicates protests of eligibility to receive HUBZone contracts, and
- reports to the Congress on the program's impact on employment and investment in HUBZone areas.

### ELIGIBILITY

A small business **must** meet **all** of the following criteria to qualify for the HUBZone program:

- it **must** be located in a "historically underutilized business zone" or HUBZone.
  - it **must** be owned and controlled by one or more US Citizens, and
  - at least 35% of its employees **must** reside in a HUBZone.
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### HISTORICALLY UNDERUTILIZED BUSINESS Zone

A "HUBZone" is an area that is located in one or more of the following:

- a qualified census tract (as defined in section 42(d)(5)(C)(i)(I) of the Internal Revenue Code of 1986);
- a qualified "non-metropolitan county" (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986) with a median household income of less than 80 percent of the State median household income or with an unemployment rate of not less than 140 percent of the statewide average, based on US Department of Labor recent data; or

- lands within the boundaries of federally recognized Indian reservations.